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July 31, 2012

Ms. Suzanne H. Elliott, CPA
Louisiana Legislative Auditor's Office
P.O. Box 94397
Baton Rouge, LA 70804-9397

RE: Lincoln Council on Aging, Inc., Re-submission of report for the fiscal year ended June 30, 2011.

Dear Ms. Elliott:

The financial statements for Lincoln Council on Aging, Inc. (LCOA), for the fiscal year ended June 30, 2011 were resubmitted on June 20, 2012. The revised reports were provided to the Legislative Auditor's Office and the Governor's Office of Elderly Affairs.

The Governor's Office of Elderly Affairs (GOEA) provides the majority of LCOA's funding. During their close-out review, they noted a difference between their figures and LCOA's for the NSIP program. An adjustment was made by LCOA and financial statements were revised to reflect the corrected figures.

The net effect of the adjustments for the NSIP program reduced intergovernmental revenues by \$8,479 and fund balance by \$9,107. The net effect reduced revenues on the statement of activities by \$8,479. The net effect on the statement of net assets reduced net assets restricted for nutritional services by \$9,107, and unrestricted net assets increased by \$628, for a net decrease in net assets of \$8,479.

Please contact me if additional information is needed in this matter.

Sincerely,

Douglas A. Brewer, CPA

Douglas A. Brewer, CPA

Cc: Ms. Michelle Wright, Lincoln Council on Aging, Inc.

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date AUG 02 2012

REISSUE

Lincoln Council On Aging, Inc.

**Financial Statements
For The Year Ended June 30, 2011**



Douglas A. Brewer, LLC
Certified Public Accountant

Lincoln Council on Aging, Inc.
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For The Year Ended June 30, 2011

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Lincoln Council on Aging, Inc.
Ruston, Louisiana

I have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Lincoln Council on Aging, Inc., as of and for the year ended June 30, 2011, which collectively comprise the Council's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Council's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinions.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Lincoln Council on Aging, Inc., as of June 30, 2011, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1p to the financial statements, the Council has adopted the provisions of Governmental Accounting Standards Board Statement 54, *Fund Balance Reporting and Governmental fund type definitions*, in fiscal year 2011.

In accordance with *Government Auditing Standards*, I have also issued my report dated December 29, 2011, on my consideration of the Council's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

Board of Directors
Lincoln Council on Aging, Inc.
Ruston, Louisiana
Page 2

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 10 and 42 through 43, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge we obtained during the audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurances.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Lincoln Council on Aging, Inc.'s basic financial statements as a whole. The accompanying Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds and the Comparative Schedule of Capital Assets and Changes in Capital Assets are presented for purposes of additional analysis as required by the Governor's Office of Elderly Affairs and are not a required part of the basic financial statements. The accompanying Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds and the Comparative Schedule of Capital Assets and Changes in Capital Assets are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated, in all material respects in relation to the financial statements as a whole.

Douglas A. Brewer, LLC

Ruston, Louisiana
December 29, 2011

Lincoln Council on Aging, Inc.
Management's Discussion and Analysis
For the Year Ended June 30, 2011

The following discussion and analysis of Lincoln Council on Aging, Inc.'s financial performance provides an overview of the Council's financial activities for the year ended June 30, 2011. Please read it in conjunction with the financial statements, which begin on page 11.

FINANCIAL HIGHLIGHTS

- The Council showed a net increase in overall net assets of \$37,672 or 5% this year.
- Net Capital Assets of the Council increased by \$40,265.
- No deficit fund balances exist at year-end.
- The *unreserved*, undesignated fund balance for the Council's General Fund was \$62,021 at year-end, which is a decrease of \$19,865 from the prior year.

HOW TO USE THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 11 and 12) provide information about the activities of the Council as a whole and present a longer-term view of the Council's finances. Fund financial statements begin on page 13. For governmental activities, these statements tell how services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the Council's operations in more detail than the government-wide statements by providing information about the Council's most significant funds.

Our auditor has provided assurance in his independent auditor's report, located immediately after this Management's Discussion and Analysis, that the Basic Financial Statements are fairly stated. The auditor is providing varying degrees of assurance about Supplementary Financial Information required by GASB Statement 34 and Supplementary Financial Information required by GOEA and OMB Circular A-133 that follow later in this reporting package. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each part of the financial section of the report.

Reporting the Council as a Whole Using Government-Wide Statements

Our analysis of the Council as a whole begins on page 3. An important question to ask about the Council's finances is, "Is the Council as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the statement of Activities (referred to collectively as the Government-Wide Financial Statements) report information about the Council as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting method used by most private-sector companies. All current year revenues and expenses are taken into account regardless of when cash is received or paid.

The Government-Wide statements can be found on pages 11 to 12 and report the Council's net assets and changes in them. Some of the net assets are restricted which means they can only be used for a specific purpose the Statement of Net Assets is designed to present the financial position of the Council as of year-end. Over time, increases or decreases in the Council's net assets are one indicator of whether its financial position is improving or deteriorating. However, to assess the overall financial position of the Council, you will need to consider other non-financial factors, such as the condition of the Council's capital assets and facilities, the addition or termination of grants and other revenue sources, and the expansion or contraction of programs and services.

Lincoln Council on Aging, Inc.
Management's Discussion and Analysis
For the Year Ended June 30, 2011

The Statement of Activities provides information that shows how the Council's net assets changed as a result of this year's activities. All of the Council's significant activities are reported in the Statement of Activities. These activities include an Administration function and a Health, Welfare, and Social Services function. The Health, Welfare, and Social Services function is comprised of various programs that include various supportive social services, nutritional services, utility assistance, and disease prevention and health promotion. All activities of the Council are considered to be governmental activities. A governmental activity is one where the Council uses money it receives from government grants and contracts, along with donations from the general public, to pay for the services it provides to the general public, or a segment of the general, such as the elderly. In other words, the people benefiting from the services are not required to pay for what they receive. If the Council charged fees to cover all or most of the cost of providing a service, that activity would be classified as a business-type activity. The council does not have any business-type activities. However, the Council does charge a small monthly fee to people who rent Medic Alert units and a fee for persons under 60 years old to ride the Council's vans. We do not view the fees we charge for these activities as a business-type activity because we do not intend to make a profit or recover the full cost of providing the service.

Reporting the Council's Most Significant Funds Using Fund Financial Statements

Our analysis of the Council's major funds begins on page 9. The Fund Financial Statements can be found on pages 13 to 14 and provide detailed information about the most significant funds – not the Council as a whole. In the Fund Financial Statements you will see a General Fund and a variety of Special Revenue Funds. The General Fund is used to account for all financial resources except those that are required to be accounted for in another fund. The Special Revenue Funds account for the proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes. By using separate funds to track revenues and expenditures, we can control and manage funds for particular purposes or we can show that the fund is meeting legal responsibilities for using certain grants and other money.

The General Fund and Special Revenue Funds are considered governmental funds. Governmental funds focus on how money flows into and out of funds and the balances left at the year-end that are available for spending. These funds are reported using an accounting method called the modified accrual accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the Council's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Council's programs. We have presented the difference between the net assets of governmental activities and the fund balances of the governmental funds in reconciliation at the bottom of the Balance Sheet for Governmental Funds. In addition, the difference between the change in net assets for the governmental funds and the change in net assets for the governmental activities has been presented in a reconciliation on the Statement of Revenues, Expenditures, and Changes in Fund Balances for the Governmental Funds.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 15 to 31. You should read the notes before making assumptions or drawing conclusions about the Council's financial condition.

Supplementary Financial Information Required by GASB Statement 34

The Governmental Accounting Standards Board (GASB) Statement 34 requires budgetary comparison schedules for the General Fund and each major Special Revenue Fund that has a legally adopted annual budget. The schedules compare the original and final appropriated budgets to actual budget results for the

Lincoln Council on Aging, Inc.
Management's Discussion and Analysis
For the Year Ended June 30, 2011

Council's fiscal year. We have also opted to present positive and negative variances between the final budget and actual amounts.

Major funds are those funds whose revenues, expenditures, assets, or liabilities are at least 10% of corresponding totals for all governmental funds. In addition, a major fund could be a fund that does not meet these criteria but which I believe is important to present for the Council's financial statement users.

Management's Discussion and Analysis is also required supplementary information (RSI) by GASB Statement 34. However, it is presented as the first item in this reporting package and not with the other RSI by GASB Statement 34.

Other Supplementary Financial Information Required by GOEA and OMB
Circular A-133

The Council has also presented other required supplemental information in this report package.

The Governor's Office of Elderly Affairs (GOEA) has required the Council to present as schedules the information on pages 40 to 43. This information will be used by GOEA to verify the accuracy of information the Council submitted to it during the year and to help GOEA monitor certain compliance requirements set forth in the grants that it has with the Council.

The Office of Management and Budget (OMB) through its Circular A-133 requires a Schedule of Expenditures of Federal Awards. This schedule will present required information about the Council's federally funded programs in a manner that can facilitate financial and compliance analysis by the agencies that have granted federal money to the Council.

AN ANALYSIS OF THE COUNCIL AS A WHOLE USING GOVERNMENT-WIDE FINANCIAL STATEMENTS

The following table reflects condensed information on the Council's net assets:

| | | |
|-------------------------------------|------------------|------------------|
| | <u>2011</u> | <u>2010</u> |
| Current and other assets | \$301,337 | \$254,529 |
| Capital Assets, net of depreciation | <u>558,858</u> | <u>518,594</u> |
| Total Assets | <u>\$860,195</u> | <u>773,123</u> |
| | | |
| Liabilities | 58,710 | 9,310 |
| Net Assets: | | |
| Invested in Capital assets, net of | 558,858 | 518,594 |
| Related debt | 180,606 | 163,333 |
| Restricted | | |
| Unrestricted | <u>62,021</u> | <u>81,886</u> |
| | | |
| Total Net Assets | <u>\$801,485</u> | <u>\$763,813</u> |

Lincoln Council on Aging, Inc.
Management's Discussion and Analysis
For the Year Ended June 30, 2011

As of June 30, 2011, The Lincoln Council on Aging "as a whole" had assets greater than its liabilities by \$801,485. The Council's total net assets increased from \$763,813 to \$801,485. This equates to an increase of 5%.

The Council's unrestricted net assets decreased by \$19,865 or 24% for the year. About 8% of the Council's net assets are unrestricted as of June 30, 2011. It is important that the Council have unrestricted net assets so that we will have resources available to adapt to changes in the economy, emergencies, unexpected needs, and reductions in termination of grant revenues by government agencies.

The Council's restricted net assets increased by \$17,273 or 11% because the Council has been able to meet the constraints imposed by the donors or grantors of the resources. Net assets are reported as restricted when the constraints placed upon the asset's used are either (a) externally imposed by a grantor, contributor, laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

The net assets that have been invested in capital assets are presented net of any related outstanding debt incurred to acquire them. For both years presented, there is no debt that has been subtracted from the capital assets amounts. Our policy is to acquire capital assets by paying cash and avoiding debt. This policy helps to assure us that decreases in the Council's future revenues won't impact its ability to provide a certain level of service to our clients and program participants.

The liability for compensated absences has not changed very much during the year. This liability represents what the Council would owe to its employees as of year-end for unused vacation leave. If employee vacation patterns are similar from year to year and if the number of employees remains about the same, then the amount owed at year-end will not change very much from year to year. This liability could adversely affect the Council's financial position if we were to have to lay off a significant portion of our workforce. This event would trigger the immediate payment of unused vacation to the terminated employees resulting in the Council having to use unrestricted net assets to make payments.

Other liabilities increased by \$50,028 this year. The primary reason for the increase is related to the Council's continued renovation of their building. The primary funding source is a trust fund that the Council is a beneficiary of. Sometimes the Council receives money from grants in advance before it spends the money. Under the terms of most of the Council's grants and contracts, the Council is not entitled to keep the money until it spends the money for an allowable purpose. Any money that has been received but not spent as of year-end must be presented as a liability in the Council's financial statements. Accordingly, if the Council does not spend the money by the time the grant or contract expires, it will have to refund the unused portion.

Lincoln Council on Aging, Inc.
Management's Discussion and Analysis
For the Year Ended June 30, 2011

Table 2 illustrates the revenues and expenses that caused the change in net assets over the two-year period.

| | 2011 | 2010 |
|--|-----------|-----------|
| Revenues | | |
| Program Revenues: | | |
| Charges for Services | \$ 17,289 | 20,400 |
| Operating Grants and Contributions | 427,127 | 486,751 |
| Capital Grants and Contributions | 49,250 | 158,035 |
| General Revenues: | | |
| Interest Income | 1,072 | 1,192 |
| Other General Revenues | 2,522 | 6,900 |
| Total Revenues | 497,260 | 673,278 |
| | | |
| Direct Program Expenses for Health Welfare, and Social Services Function: | | |
| Supportive Services: | | |
| Homemaker | 5,563 | 7,223 |
| Information and Assistance | 6,974 | 6,234 |
| Legal Assistance | 2,343 | 2,333 |
| Outreach | 1,098 | 1,924 |
| Transportation | 71,128 | 85,745 |
| Nutrition Services: | | |
| Congregate Meals | 75,428 | 68,636 |
| Home Delivered Meals | 174,083 | 162,973 |
| Nutrition Education | 617 | 501 |
| Utility Assistance | 2,368 | 6,549 |
| Disease Prevention and Health Promotion | 7,827 | 7,112 |
| Caregiver Support | 8,549 | 9,491 |
| Direct Administration Expenses | 104,711 | 134,136 |
| Total Expenses | 459,588 | 492,857 |
| | | |
| Increase (Decrease) in Assets | \$37,672 | \$180,421 |

Council's total revenues decreased by \$176,018 from last year. Total expenses decreased by \$33,269 or 5.35% versus last year. The primary reason for the decrease in revenue relates to the large capital contribution last year. The small changes in the amounts and percentages of expenses from last year to this year indicate the Council did not obtain or lose any major sources of revenues, nor was it able to expand its revenue base. Generally, unless new sources of funds are found, or unless the amounts of the grants and contracts are raised, it is difficult for us to expand current levels of service or start new programs.

**Lincoln Council on Aging, Inc.
Management's Discussion and Analysis
For the Year Ended June 30, 2011**

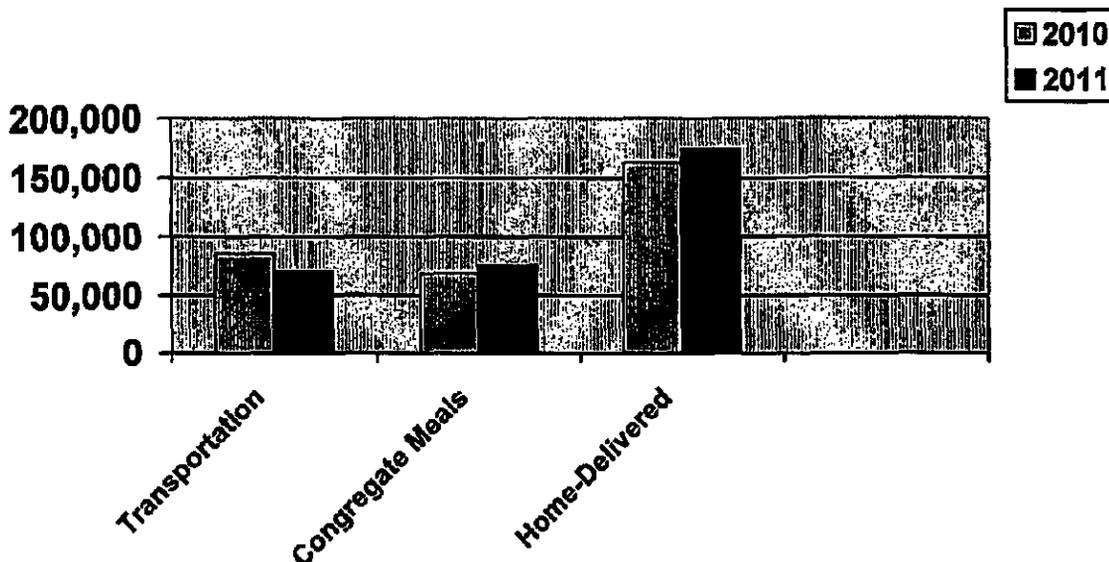
AN ANALYSIS OF GOVERNMENTAL ACTIVITIES

Most of the Council's activities are funded by federal, state, or local grants. These grants amount to approximately 86% of the revenues of the Council in 2011 and 67% in 2010. Some of these grants are restricted which means that the money can only be used in certain programs. The amount of funds available from most of the grants remains rather constant from year to year, however, some grant amounts may change based upon the level of service provided by the Council under the terms of the particular grant award.

The Council also receives donations from its clients and the general public. These revenues help to lessen the financial burden on the Council and allow it to maintain and expand services. Public support revenues represented 11.76% of the total revenues in 2011 and 28.42% in 2010.

The Council invests idle funds and is able to earn some interest on this money each year. The investment earnings are used or accumulated as necessary to meet expenses each year.

When reviewing the Government-Wide Statement of Activities, there are relationships that are important to the understanding of the Council's operations. As you can see, the Council's largest activities are related to transportation and nutrition services. The Council's main focus is to meet the needs of the elderly citizens of Lincoln Parish. There is a high demand for these services; therefore, resources are channeled to meeting the demand.



You will also note that most of the governmental activities have more expenses than revenues. We expect this situation to occur and have prepared the Council's budgets for these activities with this in mind. Traditionally, general revenues are used to cover the excess of expenses over revenues in these activities.

Lincoln Council on Aging, Inc.
Management's Discussion and Analysis
For the Year Ended June 30, 2011



| 2011 Expenses by Type | | |
|------------------------------|-----------------------|-----|
| Administrative Expense | 104,711 | 24% |
| Direct Expenses | <u>354,877</u> | 76% |
| Total | <u><u>459,588</u></u> | |

| 2010 Expenses by Type | | |
|------------------------------|-----------------------|-----|
| Administrative Expense | 134,136 | 27% |
| Direct Expenses | <u>358,721</u> | 73% |
| Total | <u><u>492,857</u></u> | |

Another indication of how we are using money efficiently can be analyzed by comparing the amount of administration costs from year to year as well as calculating the percentage administration expenses bears in relation to total expenses. For 2011, total administration expenses were \$104,711, or 24% of total expenses in comparison, total administration expenses for 2010 were \$134,136, or 27%.

**AN ANALYSIS OF THE COUNCIL'S FUNDS USING GOVERNMENTAL FUND
 FINANCIAL STATEMENTS**

Fund Balances

The Council showed a combined governmental fund balance of \$251,106 (as shown on the Fund Financial Statement's balance sheet at page 13) at the end of this year, which is an increase of \$5,887 versus last year. However, when you look at the funds individually you will see the Special Revenue Funds had a combined fund balance increase of \$26,381.

Revenues

The combined fund revenues decreased \$176,018 this year versus last year, or 26%.

Expenditures

Total expenditures decreased by \$112,077 this year, or 18%.

- Meals expenditures increased by \$11,453 (2%) primarily due to an increase in the total meals served.
- Capital expenditures decreased by \$79,696 (13%) due to the purchase and renovation of a building, the majority of which occurred in previous fiscal periods.

Lincoln Council on Aging, Inc.
Management's Discussion and Analysis
For the Year Ended June 30, 2011

AN ANALYSIS OF THE GENERAL FUND BUDGET

Over the course of this past fiscal year the budget was amended one time. The amendment was approved at a Board of Directors meeting on May 2, 2011. The amendment effectively approves any expenditure that had already been incurred that exceeded its original budgeted amount. The primary reasons for amending the budget are to account for unanticipated changes in both revenues and expenditures and to prevent compliance violations under the Council's grant from GOEA.

You can find schedules of the original and amended budgets for the General Fund in the *Supplementary Financial Information* Required by GASB Statement 34 section of this report on pages 39 to 42. When you review the budget versus actual schedule, you will note that the favorable and unfavorable variances are not very large. This is a result of the budget amendment process, which allows me the opportunity to use hindsight to adjust the forecast that it made at the beginning of one year. With only one month left in the fiscal year at the time the budget is amended, the risk of a significant budget overrun is reduced because of our ability to more accurately predict what will occur over a shorter period of time versus a longer period of time.

AN ANALYSIS OF CAPITAL ASSET AND DEBT ADMINISTRATION

At the end of the year, the Council had \$558,859 in fixed assets net of accumulated depreciation. This amounted to a net increase of \$40,265 over last year.

Table 4
Capital Assets, Net of Depreciation at Year End

| | <u>2011</u> | <u>2010</u> |
|---------------------------------|-------------------|-------------------|
| Vehicles, Furniture & Equipment | \$ 58,037 | \$ 77,419 |
| Buildings & Improvements | 500,821 | 441,175 |
| | <u>\$ 558,858</u> | <u>\$ 518,594</u> |

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Council receives most of its funding from federal and state agencies. Because of this, the source of income for the Council is rather steady. However, some of the Council's grants and contracts are contingent upon the level of service provided by the Council, and therefore, revenues may vary from year to year. In setting its budget for fiscal year 2012, it was important that we deliver at least the same level of service to our clients and the public as we did in 2011. All of the Council's grants and contracts from the usual federal and state agencies have been approved for FY 2012. There have been no significant changes to the funding levels or terms of the grants and contracts. Accordingly, we have set our initial budget to provide the same programs and levels of service next year. GOEA has also approved the Council's budget for next year. There are no plans to add any significant programs for next year.

CONTACTING THE COUNCIL'S MANAGEMENT

Our financial report is designed to provide government agencies and the general public an overview of the Council's finances and to demonstrate accountability for the money that it receives. If you have any questions about this report or wish to ask more information, you should contact Michelle Wright, the Council's Executive Director, at the Council's main office located at 307 N. Homer Street, Ruston, LA, by phone (318) 255-5070, or by e-mail at mdwright@cox-internet.com.

BASIC FINANCIAL STATEMENTS

Lincoln Council on Aging, Inc.
Statement of Net Assets
June 30, 2011

| Assets | <u>Governmental Activities</u> |
|---|---|
| Cash and Cash Equivalents | \$ 249,807 |
| Grants and Contracts Receivable | 51,530 |
| Capital Assets, net of accumulated Depreciation | 558,858 |
| Total Assets | <u><u>\$ 860,195</u></u> |
| Liabilities and Net Assets | |
| Liabilities | |
| Accounts Payable | \$ 58,710 |
| Deferred Revenue | - |
| Total Liabilities | <u>58,710</u> |
| Net Assets | |
| Invested in Capital Assets, Net of Related Debt | 558,858 |
| Restricted For: | |
| Utility Assistance | 10,376 |
| Nutritional Services | 170,230 |
| Unrestricted | 62,021 |
| Total Net Assets | <u>801,485</u> |
| Total Liabilities and Net Assets | <u><u>\$ 860,195</u></u> |

The accompanying notes are an integral part of this financial statement.

Lincoln Council on Aging, Inc.
Statement of Activities
For The Year Ended June 30, 2011

| | Total Direct Expenses | Indirect Expenses | Program Revenues | | | Net (Expense) Revenue and Increase (Decrease) in Net Assets |
|---|-----------------------------|----------------------|-------------------------|--|--|---|
| | | | Charges for Services | Capital Grants and Contributions | Operating Grants and Contributions | Total Governmental Activities |
| Primary Government: Functions/Programs | | | | | | |
| Governmental Activities: | | | | | | |
| Health, Welfare & Social Services: | | | | | | |
| Supportive Services: | | | | | | |
| Homemaker | \$ 2,095 | \$ 3,468 | \$ 131 | \$ - | \$ 4,518 | \$ (914) |
| Information and Assistance | 4,451 | 2,522 | - | - | 5,685 | (1,288) |
| Legal Assistance | 2,343 | - | - | - | 1,903 | (440) |
| Outreach | 428 | 670 | - | - | 972 | (126) |
| Transportation | 45,224 | 24,904 | 974 | - | 56,944 | (12,210) |
| Nutritional Services: | | | | | | |
| Congregate Meals | 67,657 | 7,771 | 10,084 | - | 52,670 | (12,674) |
| Home Delivered Meals | 130,072 | 44,011 | 6,101 | - | 144,883 | (23,099) |
| Nutrition Education | 497 | 120 | - | - | 440 | (177) |
| Utility Assistance | 2,368 | - | - | - | 1,591 | (777) |
| Disease Prevention and Health Promotion: | | | | | | |
| Medication Management | 865 | - | - | - | 865 | - |
| Wellness | 2,740 | 4,121 | - | - | 2,740 | (4,121) |
| National Family Caregiver Support: | | | | | | |
| Respite Care | 5,662 | - | - | - | 5,662 | - |
| Personal Care | 2,886 | - | - | - | 2,886 | - |
| Administration | 97,140 | 14,474 | - | 49,250 | - | (62,364) |
| Total Governmental Activities | \$ 364,428 | \$ 102,061 | \$ 17,290 | \$ 49,250 | \$ 281,759 | \$ (118,190) |

General Revenues:

| | |
|--|-------------------|
| Grants and Contributions not restricted to specific programs | 152,268 |
| Unrestricted Investment Earnings | 1,072 |
| Miscellaneous | 2,522 |
| Total General Revenues, Special Items, and Transfers | 155,862 |
| Changes in Net Assets | 37,672 |
| Net Assets - Beginning | 763,813 |
| Net Assets - Ending | \$ 801,485 |

The accompanying notes are an integral part of this financial statement.

Lincoln Council on Aging, Inc.
Balance Sheet
Governmental Funds
June 30, 2011

| | <u>General Fund</u> | <u>Title III-B</u> | <u>Title III-C-1</u> | <u>Title III-C-2</u> |
|--|------------------------------|------------------------|------------------------|------------------------|
| Assets | | | | |
| Cash and Cash Equivalents | \$ 89,525 | \$ - | \$ - | \$ - |
| Grants and Contracts Receivable | 49,250 | - | - | - |
| Due From Other Funds | 2,870 | - | - | - |
| Total Assets | <u>\$ 141,645</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Liabilities and Fund Balances | | | | |
| Liabilities | | | | |
| Accounts Payable | \$ 58,710 | \$ - | \$ - | \$ - |
| Advances From Funding Agencies | - | - | - | - |
| Due to Other Funds | 20,914 | - | - | - |
| Total Liabilities | <u>79,624</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund Balances | | | | |
| Nonspendable: | | | | |
| Prepaid Expenditures | | | | |
| Restricted For: | | | | |
| Senior Citizen Activities | | | | |
| Nutritional Services | | | | |
| Utility Assistance/Weatherization | | | | |
| Assigned To: | | | | |
| Unassigned | 62,021 | - | - | - |
| Total Fund Balances | <u>62,021</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Liabilities and Fund Balances | <u>\$ 141,645</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

Amounts reported for *Governmental Activities* in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and are not reported in the funds

Net Assets of Governmental Activities

| NSIP USDA | Senior Center | Non-Major Funds | Total Governmental Funds |
|----------------------|--------------------------|----------------------------|---|
| \$ 149,316 | \$ - | \$ 10,966 | \$ 249,807 |
| - | - | 2,280 | 51,530 |
| 20,914 | - | - | 23,784 |
| <u>\$ 170,230</u> | <u>\$ -</u> | <u>\$ 13,246</u> | <u>\$ 325,121</u> |

| | | | |
|------|------|--------------|---------------|
| \$ - | \$ - | \$ - | \$ 58,710 |
| - | - | - | - |
| - | - | 2,870 | 23,784 |
| - | - | <u>2,870</u> | <u>82,494</u> |

| | | | |
|-------------------|-------------|------------------|----------------|
| 170,230 | - | - | 170,230 |
| - | - | 10,376 | 10,376 |
| - | - | - | - |
| - | - | - | 62,021 |
| <u>170,230</u> | <u>-</u> | <u>10,376</u> | <u>242,627</u> |
| <u>\$ 170,230</u> | <u>\$ -</u> | <u>\$ 13,246</u> | |

558,858

\$ 801,485

The accompanying notes are an integral part of this financial statement.

Lincoln Council on Aging, Inc.
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For The Year Ended June 30, 2011

| | General Fund | Title III-B | Title III-C-1 | Title III-C-2 | NSIP USDA |
|--|------------------|-----------------|------------------|------------------|-------------------|
| Revenues | | | | | |
| Intergovernmental: | | | | | |
| Governor's Office of Elderly Affairs (GOEA) | \$ 37,500 | \$ 69,732 | \$ 53,094 | \$ 120,069 | \$ 29,549 |
| Public Support (Restricted) | | | | | |
| Entergy | - | - | - | - | - |
| United Way | - | - | - | 25,000 | - |
| Other Donors | 49,250 | - | - | - | - |
| Public Support (Unrestricted) | | | | | |
| Other General Public | 10,991 | - | - | 3 | - |
| Program Service Fees (Charges for services) | | | | | |
| Transportation | - | 974 | - | - | - |
| Meals | - | - | 10,084 | 6,101 | - |
| Other Services | - | 131 | - | - | - |
| Interest Earned | 363 | - | - | - | 670 |
| Miscellaneous | 2,522 | - | - | - | - |
| Total Revenues | <u>100,626</u> | <u>70,837</u> | <u>63,178</u> | <u>151,173</u> | <u>30,219</u> |
| Expenditures | | | | | |
| Health, Welfare & Social Services | | | | | |
| Personnel | - | 50,148 | 17,562 | 45,457 | - |
| Fringe | - | 3,866 | 1,375 | 3,588 | - |
| Travel | 30 | 1,233 | 101 | 4,853 | - |
| Operating Services | 17,769 | 23,527 | 4,553 | 12,586 | - |
| Operating Supplies | 546 | 6,971 | 185 | 7,321 | - |
| Other Costs | 16 | 130 | 32 | 101 | - |
| Meals | - | - | 52,228 | 80,941 | - |
| Utility Assistance | - | - | - | - | - |
| Capital Outlays | 78,339 | - | - | - | - |
| Total Expenditures | <u>96,700</u> | <u>85,875</u> | <u>76,036</u> | <u>154,847</u> | <u>-</u> |
| Excess of Revenues over Expenditures | <u>3,926</u> | <u>(15,038)</u> | <u>(12,858)</u> | <u>(3,674)</u> | <u>30,219</u> |
| Other Financing Sources (Uses) | | | | | |
| Operating Transfers - In | - | 15,038 | 12,858 | 3,674 | - |
| Operating Transfers - Out | (30,133) | - | - | - | (5,866) |
| Total Other Financing Sources (Uses) | <u>(30,133)</u> | <u>15,038</u> | <u>12,858</u> | <u>3,674</u> | <u>(5,866)</u> |
| Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses | <u>(26,207)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>24,353</u> |
| Fund Balances, Beginning of Year | 81,886 | - | - | - | 152,219 |
| Prior Period Adjustment | 6,342 | - | - | - | (6,342) |
| Fund Balances, End of Year | <u>\$ 62,021</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 170,230</u> |

Net Changes in Fund Balances - Total Governmental Funds

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:

- Depreciation Expense
- Capital asset purchases capitalized

Changes in Net Assets in Governmental Activities

| Senior Center | Non-Major Funds | Total Governmental Funds |
|------------------|--------------------|--------------------------------|
| \$ 41,417 | \$ 38,180 | \$ 389,541 |
| - | 1,591 | 1,591 |
| - | - | 25,000 |
| - | - | 49,250 |
| - | - | 10,994 |
| - | - | 974 |
| - | - | 16,185 |
| - | - | 131 |
| - | 39 | 1,072 |
| - | - | 2,522 |
| <u>41,417</u> | <u>39,810</u> | <u>497,260</u> |

| | | |
|----------------|---------------|----------------|
| 30,294 | 10,896 | 154,357 |
| 2,363 | 842 | 12,034 |
| 233 | 266 | 6,716 |
| 12,710 | 22,339 | 93,484 |
| 2,546 | 1,352 | 18,921 |
| 100 | 85 | 464 |
| - | - | 133,169 |
| - | 2,368 | 2,368 |
| - | - | 78,339 |
| <u>48,246</u> | <u>38,148</u> | <u>499,852</u> |
| <u>(6,829)</u> | <u>1,662</u> | <u>(2,592)</u> |

| | | |
|--------------|----------------|----------|
| 6,829 | 700 | 39,099 |
| - | (3,100) | (39,099) |
| <u>6,829</u> | <u>(2,400)</u> | <u>-</u> |

| | | |
|---|-------|---------|
| - | (738) | (2,592) |
|---|-------|---------|

| | | |
|-------------|------------------|---|
| - | 11,114 | - |
| - | - | - |
| <u>\$ -</u> | <u>\$ 10,376</u> | |

(2,592)

(38,075)
78,339

40,264
\$ 37,672

The accompanying notes are an integral part of this financial statement.

Lincoln Council on Aging, Inc.
Notes to Financial Statements
For the Year Ended June 30, 2011

Note 1 – PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the Lincoln Council on Aging, Inc. (the Council) conform to the accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental and financial reporting principles. Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The following is a summary of certain significant accounting policies used by the Council:

a. Purpose of the Council on Aging

The purpose of the Council is to collect facts and statistics and make special studies of conditions pertaining to the employment, financial status, recreation, social adjustment, mental and physical health or other conditions affecting the welfare of the aging people in Lincoln Parish; to keep abreast of the latest developments in these fields of activity throughout Louisiana and the United States; to interpret its findings to the citizens of the parish and state; to provide for the mutual exchange of ideas and information on the parish and state level; to conduct public meetings to make recommendations for needed improvements and additional resources; to promote the welfare of aging people; to coordinate and monitor services of other local agencies serving the aging people of the parish; to assist and cooperate with the Governor's Office of Elderly Affairs (GOEA) other departments of state and local government serving the elderly; and to make recommendations relevant to the planning and delivery of services to the elderly of the parish.

The primary services provided by the Council to the elderly residents of Lincoln Parish include providing congregate and home delivered meals, nutrition education, information and assistance, outreach, material aid, home repairs, utility assistance, personal care, homemakers, recreation, legal assistance, disease prevention, health promotion, and transportation.

b. Reporting Entity

In 1964, the State of Louisiana passed Act 456 authorizing the charter of a voluntary council on aging for the welfare of the aging people in each parish of Louisiana. In 1979, the Louisiana Legislature created the Governor's Office of Elderly Affairs (GOEA) (La. R.S. 46:931) with the specific intention that GOEA administer and coordinate social services and programs for the elderly population of Louisiana through sixty-four parish voluntary councils on aging.

Before a council on aging can begin operations in a specific parish, its application for a charter must receive approval from the Governor's Office of Elderly Affairs pursuant to LA R. S. 46:1602. Each council on aging in Louisiana must comply with the state laws that apply to quasi-public agencies, as well as the policies and regulations established by GOEA.

Lincoln Council on Aging, Inc.
Notes to Financial Statements
For the Year Ended June 30, 2011

Note 1 – PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

The Lincoln Council on Aging, Inc. is a legally separate, non-profit, quasi-public corporation. The Council incorporated under the provisions of Title 12 Chapter 2 of the Louisiana Revised Statutes and received its charter from the Governor of the State of Louisiana and began operations on November 1, 1974.

A board of directors, consisting of 15 voluntary members, who serve three-year terms, governs the Council. The board of directors is comprised of, but not limited to, representatives of the Parish's elderly population, general public, private businesses, and elected public officials. Board members are elected in the following manner:

- Ten members shall be appointed by the Lincoln Parish Police Jury to represent the elderly population in their respective districts.
- Two members shall be appointed by agencies that serve the elderly (one from the Social Security Administration and one from the Department of Social Services or Department of Health and Human Resources).
- Three at-large members from throughout Lincoln Parish shall be elected by the general membership at the Council's annual meeting.

Although the Lincoln Parish Police Jury appoints a voting majority of the Council's board, the Lincoln Parish Police Jury does not intend to impose its will to affect the operations of the Council. Further, the Lincoln Parish Police provides the Council less than 1% of its total annual revenues (not including any pass-through DOTD funds from FTA) and does not assume any specific financial burdens of the Council. As a result, the Council is not a component unit of the Lincoln Parish Police Jury.

Membership in the Council is open at all times, without restriction, to all residents of Lincoln Parish who have reached the age of majority and who express an interest in the Council and wish to contribute to or share in its programs. Membership fees are not charged.

Based on the criteria set forth in GASB Statement 14, *The Financial Reporting Entity*, the Lincoln Council on Aging, Inc. is not a component unit of another primary government nor does it have any component units that are related to it. In addition, based on the criteria set forth in this statement, the Council has presented its financial statements as a special-purpose, stand-alone government; accordingly, it is applying the provisions of Statement 14 as if it were a primary government.

c. Basis of Presentation of Statements of the Basic Financial Statements

The Council's basic financial statements consist of "government-wide" financial statements on all activities of the Council, which are designed to report the Council as a whole entity, and "fund" financial statements, which purpose are to report individual major governmental funds and combined nonmajor governmental funds.

Lincoln Council on Aging, Inc.
Notes to Financial Statements
For the Year Ended June 30, 2011

Note 1 – PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

c. Basis of Presentation of Statements of the Basic Financial Statements (Continued)

Both the government-wide and fund financial statements categorize primary activities as either “governmental” or “business” type. The Council’s functions and programs have all been categorized as “governmental” activities. The Council does not have any business-type activities, fiduciary funds, or any component units that are fiduciary in nature. Accordingly, the government-wide financial statements do not include any of these activities or funds.

Government-Wide Financial Statements

The government-wide financial statements include the Statement of Net Assets and the Statement of Activities for all activities of the Council. As a general rule, the effect of interfund activity has been eliminated from those statements. The government-wide presentation focuses primarily on the sustainability of the Council as an entity and the change in its net assets (financial position) resulting from the activities of the current fiscal year. Intergovernmental revenues primarily support governmental activities.

In the government-wide Statement of Net Assets only one column of numbers has been presented for total governmental activities. The numbers are presented on a consolidated basis and represent only governmental type activities.

The Statement of Net Assets has been prepared on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Council’s net assets are reported in three parts—invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

The government-wide Statement of Activities reports both the gross and net cost of each of the Council’s functions and significant programs. Many functions and programs are supported by general government revenues like intergovernmental revenues, and unrestricted investment income, particularly if the function or program has a net cost. The Statement of Activities begins by presenting gross direct and indirect expenses that include depreciation, and then reduces the expenses by related program revenues, such as operation and capital grants and contributions, to derive the net cost of each function or program. Program revenues most directly associated with the function or program to be used to directly offset its cost. Operation grants include operation-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

Direct expenses reported in the Statement of Activities are those that are clearly identifiable with a specific function or program, whereas, the Council allocates its indirect expenses among various functions and programs in accordance with OMB Circular A-87, *Cost Principles for States, Local, and Indian Tribal Governments*. The Statement of Activities shows this allocation in a separate column labeled “indirect expenses.”

In the Statement of Activities, charges for services represent program revenues obtained by the Council when it renders services provided by a specific function or program to people or other entities. Unrestricted contributions, unrestricted grants, interest income, and miscellaneous

Lincoln Council on Aging, Inc.
Notes to Financial Statements
For the Year Ended June 30, 2011

Note 1 – PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

c. Basis of Presentation of Statements of the Basic Financial Statements (Continued)

revenues that are not included among program revenues are reported instead as general revenues in this statement. Special items, if any, are significant transactions within the control of management that are either unusual in nature or infrequent in occurrence and are separately reported below general revenues. The Council did not have any material special items this year.

Fund Financial Statements

The fund financial statements present financial information very similar to that which was included in the general-purpose financial statements issued by governmental entities before GASB Statement No. 34 required the format change.

The daily accounts and operations of the Council continue to be organized using funds. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain governmental functions or activities. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues, and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

The Council uses governmental fund types. The focus of the governmental funds' measurement (in the fund statements) is on determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than on net income. An additional emphasis is placed on major funds within the governmental fund types. A fund is considered major if it is the primary operating fund of the council or if its total assets, liabilities, revenues, or expenditures are at least 10% of the corresponding total for all funds of that category or type. In addition, management may also choose to report any other governmental fund as a major fund if it believes the fund is particularly important to financial statement users. The nonmajor funds are summarized by category or fund type into a single column in the fund financial statements.

Governmental fund equity is called the fund balance. Fund balance is further classified on a hierarchy that shows, from the highest to the lowest, the level or form of constraints on fund balance and accordingly, the extent to which the Council is bound to honor them: nonspendable, restricted, committed, assigned and unassigned.

The following is a description of the governmental funds of the Council:

The General Fund is the primary operating fund of the Council and is used to account for all financial resources except those required to be accounted for in another fund. The following is a brief description of the programs or funding sources that comprise the Council's General Fund:

Lincoln Council on Aging, Inc.
Notes to Financial Statements
For the Year Ended June 30, 2011

Note 1 – PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

c. Basis of Presentation of Statements of the Basic Financial Statements (Continued)

Local Programs and Funding

The Council receives revenues that are not required to be accounted for in a specific program or fund. Accordingly, these revenues have been recorded in the local program of the General Fund. These funds are mostly unrestricted, which means they may be used at management's discretion. Expenditures to acquire fixed assets, and expenditures for costs not allowed by another program due to budget limitations or the nature of the expenditures, are charged to the local program. Because of their unrestricted nature, local funds are often transferred to other programs to eliminate deficits in cases where the expenditures of the other programs exceeded their revenues. In addition, capital outlay expenditures are usually made with local funds to minimize restrictions on the use and disposition of fixed assets.

PCOA Funding

PCOA funds are appropriated annually for the Council by the Louisiana Legislature and remitted to the Council via the Governor's Office of Elderly Affairs (GOEA). The Council may use these "Act 735" funds at its discretion to fund any of its programs provided the program is benefiting elderly people (those who are at least 60 years old). For the fiscal year ended June 30, 2011, the Council received this grant money into its General Fund and management transferred all \$37,500 of the PCOA funds as follows: \$700 – AAA, \$15,038 – Title III B Supportive Services, \$10,666 – Title III C1, \$3,729 – Senior Center Fund, \$7,367 to Other Funds. This will help pay for those fund's program expenditures.

Senior Center and Supplemental Senior Center Funding

Senior Center and supplemental senior center grant funds are also appropriated annually for the Council and remitted to the Council via GOEA. These grant funds can be used at management's discretion to pay for costs of any program involving elderly persons who are at least 60 years old. To obtain supportive services and participate in activities which foster their independence, enhance their dignity, and encourage their involvement in and with the community, the elderly person will come to a "senior center." The Council maintains two senior centers in Lincoln Parish. During the year, management expended \$48,246 to provide senior center services.

Audit Funding

Each year GOEA provides funds to subsidize the cost of the Council's annual audit. The audit funds (\$1,689 for FY 2011) were received and accounted for in the General Fund and used to help pay for the cost of the audit, which was \$3,600 and included as a component of full service expenditures in the General Fund.

Transportation Program Services

The Council also provides various transportation services to the residents of Lincoln Parish who are not 60 years old for a fee. These program service fees and their related costs are accounted for within the "local transportation" program of the General Fund.

Lincoln Council on Aging, Inc.
Notes to Financial Statements
For the Year Ended June 30, 2011

Note 1 – PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

c. Basis of Presentation of Statements of the Basic Financial Statements (Continued)

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The term “proceeds of specific revenue sources” establishes that one or more specific restricted or committed revenues should be the foundation for a special revenue fund. A significant percentage of the Council’s special revenue funds are provided by Title III funds. These funds are provided by the United States Department of Health and Human Services – Administration on Aging to the GOEA (Governor’s Office of Elderly Affairs), which in turn “passes through” the funds to the Council.

The Council has established several special revenue funds. The following are brief descriptions of the purpose of each special revenue fund and their classification as either a major or nonmajor governmental fund:

Major Governmental Funds

The Title III B Fund

The Title III B Fund is used to account for funds used to provide various types of supportive social services to the elderly. GOEA has established the criteria for a qualifying unit of service for each Title III program. Specific supportive services, along with the number of units provided during the fiscal year, are as follows:

| <u>Type of Service Provided</u> | <u>Units</u> |
|---|--------------|
| Information and Assistance | 195 |
| Outreach | 82 |
| Homemaker | 98 |
| Legal | 195 |
| Transportation for people age 60 or older | 4,171 |

There are three main sources of revenue that form the basis of this fund as follows:

- Grants from GOEA for Title III programs amounting to \$275,156.
- A grant from United Way in the amount of \$25,000 for home delivered meals.
- Client contributions totaling \$17,290.

Lincoln Council on Aging, Inc.
Notes to Financial Statements
For the Year Ended June 30, 2011

Note 1 – PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

c. Basis of Presentation of Statements of the Basic Financial Statements (Continued)

The Title III C-1 Fund

The Title III C-1 Fund accounts for funds used to provide nutritional, congregate meals to people age 60 or older in strategically located centers throughout XYZ Parish. The Council maintains meal-sites in Ruston and Dubach. During the year the Council provided 17,342 meals to people eligible to participate in this program. The Council also provided 70 units of nutrition education under this program.

There were two main sources of revenues received this year that form the basis of this fund: Special Programs for the Aging-Title III, Part C-1-Nutrition Services grant funds (\$53,094) and restricted, voluntary contributions from those persons who received congregate meals (\$10,084).

The Title III C-2 Fund

The Title III C-2 Fund accounts for funds that are used to provide nutritional meals to homebound people who are age 60 or older. During the year the Council provided 26,216 home-delivered meals. The Council also provided 70 units of nutrition education under this program.

There were two main sources of revenues received this year that form the basis of this fund: Special Program for the Aging-Title III, Part C-2-Nutrition Services grant funds (\$120,069); and restricted, voluntary contributions from the public (\$6,101), including those persons actually receiving home-delivered meal services.

Title III D Fund

The Title III D Fund is used to account for funds used for disease prevention and health promotion (wellness) activities. During the year the Council provided 5,586 units of wellness service and 50 units of medication management to eligible participants. The main source of the revenue forming the basis for this fund is a grant the Council received from GOEA for Special Programs for the Aging-Title III, Part D-Disease Prevention and Health Promotion Services.

Title III E Fund

The Title III E Fund is used to account for funds that are used to provide support services for family caregivers and for grandparents or older individuals who are relative caregivers. During the year, the Council provided 5 units of information and assistance under this program, 159 units of respite care, and 5 units of personal care services. The main source of the revenue forming the basis for this fund is a grant the Council received from GOEA for the Title III, Part E-National Family Caregiver Support Program.

Lincoln Council on Aging, Inc.
Notes to Financial Statements
For the Year Ended June 30, 2011

Note 1 – PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

c. Basis of Presentation of Statements of the Basic Financial Statements (Continued)

Utility Assistance Fund

The fund is used to account for the administration of the utility assistance programs that are sponsored by local utility companies. The companies collect contributions from service customers and remit the funds to the parish councils on the aging throughout the state to provide assistance to the elderly for the payment of utility bills. The contributions can only be used to pay for direct services. No indirect or administration expenses can be paid for with these funds. During the year, the Council provided 17 units of service different people to assist them with paying their utility bills. The maximum amount of assistance a person can receive in one year is usually limited to \$300.

Medicare Improvement for Patients and Providers Act (MIPPA) Fund

The MIPPA Fund is used to account for funds relating to supporting outreach and assistance efforts directed toward Medicare beneficiaries with limited incomes who may be eligible for Medicare Part D, Low Income Subsidy (LIS) and Medicare Savings Plan (MSP) programs. The goal is to provide outreach to individuals in XYZ Parish, Louisiana, with emphasis on rural communities and to increase public awareness and enrollment into the benefits available under LIS and MSP.

d. Measurement Focus and Basis of Accounting

Measurement Focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied,

- **Government-wide Financial Statements – Accrual Basis**

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

- **Fund Financial Statements – Modified Accrual Basis**

Governmental fund level financial statements are reported using a current financial resources measurement focus and the modified accrual basis of accounting. A current financial resources measurement focus means that only current assets and current liabilities are generally included on the fund balance sheet. The operating statements of the funds present increases (revenues and other financing sources) and decreases (expenditures and other uses) in net current assets. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., when they are both

Lincoln Council on Aging, Inc.
Notes to Financial Statements
For the Year Ended June 30, 2011

Note 1 – PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

d. Measurement Focus and Basis of Accounting (Continued)

measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this period, the Council considers revenues to be "available" if they are collected within sixty days of the current fiscal year. Expenditures are generally recorded under the modified accrual basis of accounting when the related liability is incurred, if measurable, except for the following: (1) unmatured principle and interest on long-term debt, if any, are recorded when due, and (2) claims, judgments, and compensated absences are recorded as expenditures when paid with expendable available financial resources. Depreciation and amortization are costs that are not recognized in the governmental funds.

e. Interfund Activity

In the fund financial statements, interfund activity is reported as either loans or transfers. Loans between funds are reported as interfund receivables (due from) and payables (due to) as appropriate. Transfers represent a permanent reallocation of resources between funds. In other words, they are not expected to be repaid.

In the government-wide financial statements, all types of interfund transactions are eliminated when presenting the governmental activity information.

f. Cash

Cash includes not only currency on hand, but demand deposits with banks or other financial institutions.

For the purposes of the Statement of Net Assets, restricted cash are amounts received or earned by the Council with an explicit understanding between the Council and the resource provider that the resource would be used for a specific purpose. At year end, the line item "Cash and Investments" on the Statement of Net Assets includes \$18,747 of restricted cash. The Council has presented restricted cash as a component of current assets in the Statement of Net Assets because it is available for use in current operations.

g. Receivables

The financial statements for the Council do not contain an allowance for uncollectible receivables because management believes all amounts will be collected. However, if management becomes aware of information that would change its assessment about the collectability of any receivable, management would write off the receivable as a bad debt at that time.

Lincoln Council on Aging, Inc.
Notes to Financial Statements
For the Year Ended June 30, 2011

Note 1 – PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

h. Investments

GASB Statement 31 requires the Council to report its investments at fair value in the balance sheet, except for investments in non-participating interest-earning contracts, such as non-negotiable certificates of deposit with *redemption terms that do not consider market rates*. This type of investment is reported using cost-based measure, provided that the fair market value of the contract is not significantly affected by the impairment of the credit standing of the issuer or other factors. The Council did not own any investments of this type at year-end.

Investments, which include securities traded on a national or international exchange, are valued based on their last reported sales price. Investments that do not have an established market are reported at estimated fair value. The Council did not own any investments of this type at year-end.

i. Prepaid Expenses/Expenditures

Prepaid expenses include amounts paid in advance for goods and services. Prepaid expenses are shown as either current or other assets on the government-wide Statement of Net Assets, depending on when management expects to realize their benefits.

In the fund financial statements, management has elected not to include amounts paid for future goods and services as expenditures until those services are consumed. This method of accounting for prepaid expenditures helps assure management that costs incurred will be reported in accordance with the Council's cost reimbursement grants. These types of grants do not permit the Council to obtain reimbursement for qualified expenditures until the goods and services relating to them are consumed. As a result, the prepaid expenditures are shown as an asset on the balance sheet of the fund financial statements until they are consumed. In addition, a corresponding amount of the fund balance of the General Fund has been classified as nonspendable to reflect the amount of fund balance not currently available for expenditure.

For purposes of presenting prepaid expenses in the government-wide statements, the Council will follow the same policy it uses to record prepaid expenditures in the fund financial statements with one exception. Disbursements made as "matching" payments to acquire vehicles that will be titled to another government are recorded as a prepaid expense and amortized in the Statement of Net Assets to better present the economics of this type of transaction and to keep from distorting the Council's transportation expenses in the Statement of Activities. In contrast, 100% of the "matching" payments are reported in the fund financial statements as intergovernmental expenditures when the vehicles are received.

j. Capital Assets

The accounting and reporting treatment used for property, vehicles, and equipment (capital assets) depends on whether the capital assets are reported in the government-wide financial statements or the fund financial statements.

Lincoln Council on Aging, Inc.
Notes to Financial Statements
For the Year Ended June 30, 2011

Note 1 – PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Government-Wide Financial Statements

Capital assets are long-lived assets purchased or acquired with an original cost of at least \$1,000 and have an estimated useful life of greater than one year. When purchased or acquired, these assets are recorded as capital assets in the government-wide statement of Net Assets. If the asset was purchased, it is recorded in the books at its cost. If the asset was donated, then it is recorded at its estimated fair market value at the date of donation. Capital assets will also include major repairs to equipment and vehicles that significantly extend the asset's useful life. Routine repairs and maintenance are expensed as incurred.

For capital assets recorded in the government-wide financial statements, depreciation is computed and recorded using the straight-line method for the asset's estimated useful life. The Council follows a guideline issued by the State of Louisiana's Office of Statewide Reporting and Accounting to establish the useful lives of the various types of capital assets that are depreciated and the method used to calculate annual depreciation.

Using this guideline, the estimated useful lives of various classes of depreciable capital assets are as follows:

| | |
|---|----------|
| Office equipment – other than computers | 6 years |
| Vehicles | 5 years |
| Computer equipment | 5 years |
| Leasehold improvements | 20 years |
| Nutrition equipment | 10 years |
| Buildings | 40 years |

When calculating depreciation, the State's guideline assumes that capital assets will not have any salvage value and that a full year's worth of depreciation will be taken in the year the capital assets are placed in service or disposed.

Fund Financial Statements

In the fund financial statements, capital assets used in the Council's operations are accounted for as capital outlay expenditures of the governmental fund that provided the resources to acquire the assets. Depreciation is not computed or recorded on capital assets for purposes of the fund financial statements.

j. Non-Current (Long-term) Liabilities

The accounting treatment of non-current liabilities depends on whether they are reported in the government-wide or fund financial statements. In the government-wide financial statements, all non-current liabilities that will be repaid from governmental resources are reported as liabilities. In the fund financial statements, non-current liabilities for governmental funds are not reported as liabilities or presented elsewhere in these statements. The Council did not have any non-current liabilities at year-end.

Lincoln Council on Aging, Inc.
Notes to Financial Statements
For the Year Ended June 30, 2011

Note 1 – PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

l. Unpaid Compensated Absences

The Council's annual leave policy requires employees to consume any annual leave they might earn within the Council's fiscal year. In other words, an employee must "use or lose" any earned leave on or before June 30th of every year. In contrast, the Council's sick leave policy allows an employee to carryover up to thirty days of sick leave. However, upon termination the employee is not paid for any unused sick leave. As a result, the Council has not accrued a liability for any unused annual or sick leave in the financial statements.

The Council's management has this policy to minimize the Council's exposure to a liability for which the Council may not have the funds to pay.

m. Advances From Funding Agency

Advances from funding agency represent unexpended balances of grants awarded to the Council that are required to be returned to the funding agency at the end of the grant period. Grant funds due back to the funding agency are recorded as a liability when the amount due becomes known, normally when a final accounting is submitted to the funding agency. The Council did not have any advances from funding agencies at year end.

The Council reports all direct expenses by function and programs of functions in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function or program. Indirect expenses are recorded as direct expenses of the Administration function. GOEA provides funds to partially subsidize the Council's Administration function. The unsubsidized net cost of the Administration function is allocated using a formula that is based primarily on the relationship of direct cost a program bears to the direct cost of all programs. There are some programs that cannot absorb any indirect cost allocation according to their grant or contract limitations.

n. Deferred Revenue

The Council reports deferred revenues on both the Statement of Net Assets (government-wide) and the Balance Sheet (fund financial statements). Deferred revenues arise when the Council receives resources before it has a legal claim to them, as when grant monies are received before the occurrence of qualifying expenditures. In subsequent periods, when the Council has a legal claim to the resources, the liability for deferred revenue is removed from the Statement of Net Assets and the Fund Balance Sheet, whichever the case might be, and the revenue is recognized. The Council did not have any deferred revenue at year end.

Lincoln Council on Aging, Inc.
Notes to Financial Statements
For the Year Ended June 30, 2011

Note 1 – PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

o. Net Assets in the Government-wide Financial Statements

In the government-wide Statement of Net Assets, the Net Asset amount is classified and displayed in three components:

- Invested in capital assets – This component consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those capital assets. At year-end the Council did not have any borrowings that were related to capital assets.
- Restricted net assets – This component of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- Unrestricted net assets – This component consists of all other net assets that do not meet the definition of “restricted” or “invested in capital assets.”

When both restricted and unrestricted resources are available for use, it is the Council’s policy is to use restricted resources first to finance its activities.

p. Fund Equity – Fund Financial Statements

Governmental fund equity is classified as fund balance. Beginning with FY 2010, the Council’s management implemented GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government’s fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Management has classified prepaid expenditures as being nonspendable as this item is not expected to be converted to cash.
- Restricted: This classification includes amounts for which constraints have been placed on the use of resources are either:
 - Externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or

Lincoln Council on Aging, Inc.
Notes to Financial Statements
For the Year Ended June 30, 2011

Note 1 – PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Net Assets in the Government-wide Financial Statements (Continued)

- Imposed by law through constitutional provisions or enables legislation.

Management has classified fund balance for utility assistance as being restricted due to the constraints placed on the use of the money contributed by the general public and Entergy Corporation.

- **Committed:** This classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action (resolution) of the Council's board of directors, which is the Council's highest level of decision-making authority. These amounts cannot be used for any other purpose unless the board of directors removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes specifically committed for use in satisfying those contractual requirements. The Council did not have any committed resources as of year end.
- **Assigned:** This classification includes amounts that are constrained by the Council's intent to be used for a specific purpose but are neither restricted nor committed. This intent should be expressed by the Council's (1) board of directors, (2) its finance committee, or (3) an official, such as the executive director, to which the board of directors has delegated the authority to assign amounts to be used for a specific purpose.
- **Unassigned:** This classification is the residual fund balance for the General Fund. It also represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

When fund balance resources are available for a specific purpose in multiple classifications, the Council will generally use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed. However, the Council's management reserves the right to selectively spend unassigned resources first and to defer the use of the other classified funds.

q. Management Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Lincoln Council on Aging, Inc.
Notes to Financial Statements
For the Year Ended June 30, 2011

Note 1 – PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

r. Allocation of Indirect Expenses

The Council reports all direct expenses by function and programs of functions in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function or program. Indirect expenses are recorded as direct costs of the Administration function. The net cost of the Administration function is allocated using a formula based primarily on the relationship the direct cost a program bears to the direct cost of all programs. There are some programs that cannot absorb any indirect expense allocation according to their grant or contract restrictions.

s. Elimination and Reclassifications

In the process of aggregating data for the Statement of Net Assets and the Statement of Activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

t. New Accounting Pronouncement

Beginning with this fiscal year, the management has adopted the provisions of Governmental Accounting Standards Board Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The main financial statement effects relating to this new accounting standard are with how the components of the Council's fund balances will be presented on the fund balance sheet and on the presentation of special revenue funds on the statement of revenues, expenditures and changes in fund balances. The number of special revenue funds will be less than in previous years because of the new definition of what constitutes a special revenue fund.

NOTE 2 – Revenue Recognition

Revenues are recorded in the government-wide financial statements when they are earned under the accrual basis of accounting.

Revenues are recorded in the fund financial statements using the modified accrual basis of accounting. In applying the susceptible to accrual concept using this basis of accounting, intergovernmental grant revenues, program service fees, and interest income must be both measurable and available. However, timing and amounts of the receipts of public support and miscellaneous revenues are often difficult to measure; therefore, they are recorded as revenue in the period received.

Lincoln Council on Aging, Inc.
Notes to Financial Statements
For the Year Ended June 30, 2011

NOTE 3 – Cash Management, Deposits and Investments

The Council maintains various accounts at two local financial institutions.

As described in Louisiana law, the Council is classified as a quasi-public entity. Accordingly, the Council is not required to comply with Louisiana laws relating to the collateralization of bank deposits. However, it is the Council's policy to follow state law in an effort to minimize risks associated with bank deposits that exceed those currently covered by FDIC insurance.

Cash is reported at its carrying value, which equals its fair value. At year-end, the combined carrying amount of the Council's cash on its books, was \$249,807, whereas the related bank balances totaled \$292,401. The primary difference in these amounts related to deposits made to and checks written on demand deposit accounts that have not yet cleared the bank accounts. At year-end, all of the bank balances were insured 100% by federal depository insurance.

| <u>Cash & Investments</u> | <u>Cost</u> | <u>Fair Value</u> | <u>Interest Rate</u> | <u>Maturity</u> | <u>Credit Risk Category</u> |
|-------------------------------|---------------------|-------------------|----------------------|-----------------|-----------------------------|
| Cash: | | | | | |
| Community Trust Bank | \$ 100,491 | \$ 100,491 | Various | Demand | Category 1 |
| Iberia Bank | 149,316 | 149,316 | .45% | Demand | Category 1 |
| Total Cash | <u>249,807</u> | <u>249,807</u> | | | |
| Total Investments | - | - | N/A | N/A | N/A |
| Total Cash & Investments | \$ <u>\$249,807</u> | \$ <u>249,807</u> | | | |
| Unrestricted Purpose | \$ 167,098 | | | | |
| Restricted Purpose: | | | | | |
| Senior Citizen Activities | 71,743 | | | | |
| Utility Assistance | 10,966 | | | | |
| Total Cash & Investments | \$ <u>249,807</u> | | | | |

As illustrated in the above table, some of the Council's cash and investments are restricted assets for presentation in the Statement of Net Assets. Restricted assets include amounts received or earned by the Council with an explicit understanding between the Council and the resource providers that the resource would be used for a specific purpose.

NOTE 4 – Prepaid Expenditures and Expenses

At year-end, there were no prepaid expenditures.

NOTE 5 – Changes in Capital Assets and Accumulated Depreciation

A summary of changes in capital assets and accumulated depreciation is as follows:

Lincoln Council on Aging, Inc.
Notes to Financial Statements
For the Year Ended June 30, 2011

| Capital Assets Being Depreciated | Balance June 30, 2010 | Additions | Decreases | Balance June 30, 2011 |
|---|-----------------------------|------------------|------------------|-----------------------------|
| Vehicles | \$ 261,333 | \$ - | \$ - | \$ 261,333 |
| Office furniture and equipment | 101,339 | 7,159 | - | 108,498 |
| Buildings & Improvements | 449,826 | 71,180 | - | 521,006 |
| Construction in Progress | - | - | - | - |
| Total Capital Assets | 812,498 | 78,339 | - | 890,837 |
| Less Accumulated Depreciation: | | | | |
| Vehicles | 198,433 | - | 18,588 | 217,021 |
| Office furniture and equipment | 86,820 | - | 7,953 | 94,773 |
| Buildings & Improvements | 8,651 | - | 11,534 | 20,185 |
| Total Accumulated Depreciation | 293,904 | - | 38,075 | 331,979 |
| Capital Assets Net of Depreciation | \$ 518,594 | \$ 78,339 | \$ 39,075 | \$ 558,858 |

All of the Council's vehicles are operational at year end. The Council's management has reviewed capital assets and does not believe any capital asset has been impaired as of year-end.

Depreciation was charged to governmental activities as follows:

| | |
|---|------------------|
| Administration | \$ 14,474 |
| Nutritional Services: | |
| Home Delivered Meals | 892 |
| Supportive Services: | |
| Wellness & Recreation | 4,121 |
| Transportation | 18,588 |
| Total Depreciation Expense for Governmental Activities | \$ 38,075 |

The \$14,474 of depreciation associated with the administration function relates to capital assets that essentially serve all function. Accordingly, it is included as a direct expense of the administration function on the *Statement of Activities* and then allocated to other functions in accordance with the Council's method of allocating indirect expenses. The other depreciation amounts (\$23,601) are charged as direct expenses to their related functions on the *Statement of Activities*.

NOTE 6 – Fund Balances – Fund Financial Statements

At year-end, two special revenue funds had remaining fund balances of \$189,713, which were classified as restricted. Usually, the fund balances of the special revenue funds are cleared out at year-end to comply with the administration and accounting policies of the grantor agencies that have awarded the Council certain grants. However, there are exceptions to these policies as described in the next paragraph.

Lincoln Council on Aging, Inc.
Notes to Financial Statements
For the Year Ended June 30, 2011

The Council has \$10,376 of utility assistance contributions from Entergy that remain unspent as of year-end. The donors restrict these contributions for specific purposes. Accordingly, management separately accounts for them in a special revenue fund to ensure accountability. Utility assistance fund balances are common amongst council on aging entities. Rather than commingle the accounting of the receipts and disbursements of the utility assistance within the Title III B fund, GOEA prefers that councils on aging use a separate fund that can facilitate the monitoring of the Title III B activity separately from the utility assistance activities.

The Council also has \$179,337 of NSIP funds that remain unspent at year end.

NOTE 7 – In-Kind Contributions

The Council received a variety of in-kind contributions during the year, but does not record the fair value of them in its government-wide and fund financial statements, except for the donation of capital assets. In the case of a donation of a capital asset, accounting principles for governmental entities require the fair value of a donated capital asset be recorded in the Statement of Activities at the time of acquisition. However, these same principles do not permit the recording of the fair value of capital assets (or other in-kind contributions) in the fund financial statements because of the measurement focus of such statements.

The in-kind contributions that the Council received during the year consisted primarily of (1) free rent and utilities relating to the use of facilities in Dubach, (2) blood pressure screenings. Management has compiled a summary of the types of in-kind contributions received by the Council this year using the information furnished by the donors, which is as follows:

| | |
|---------------------------------------|-----------------|
| Facility Rentals | \$ 4,800 |
| Professional Services | <u>2,100</u> |
| Total Estimated in-kind contributions | \$ <u>6,900</u> |

If these in-kind contributions had been recorded in the Statement of Activities their allocation would have been as follows: \$5,700 Senior Citizens Center Operations and \$1,200 Nutrition Services – congregate meals.

NOTE 8 – Board of Directors' Compensation

The Board of Directors is a voluntary board; therefore, no compensation has been paid to any member. However, board members can request reimbursement for out-of-pocket expenses in accordance with the Council's travel policy when traveling on behalf of the Council.

NOTE 9 – Income Tax Status

The Council, a non profit corporation, is exempt from federal income taxation under Section 501 (c) (3) of the Internal Revenue Code of 1986, and as an organization that is not a private foundation as defined in Section 509 (a) of the Code. It is also exempt from Louisiana income tax.

Lincoln Council on Aging, Inc.
Notes to Financial Statements
For the Year Ended June 30, 2011

NOTE 10 – Lease and Rental Commitments

The Council leases a copy machine for \$223 per month. The lease operates on a month-to-month basis. Total rentals of \$2,676 have been included in the financial statements.

NOTE 11 – Judgment, Claims, and Similar Contingencies

As of the end of this fiscal year, the Council's management has no knowledge of any pending litigation, lawsuits, or claims against the council. Furthermore, the Council's management believes that any unexpected lawsuits or claims that might be filed against the council would be adequately covered by insurance or resolved without any material impact upon the Council's financial statements.

NOTE 12 – Contingencies - Grant Programs

The Council participates in a number of state and federal grant programs, which are governed by various rules and regulations. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Council has not complied with the rules and regulations governing the grants, refunds of any money received and the collectibility of any related receivable at year-end may be impaired. In management's opinion, there are no significant contingent liabilities relating to compliance with the rules and regulations governing state and federal grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies. Audits of prior years have not resulted in any significant disallowed costs or refunds. Any costs that would be disallowed would be recognized in the period agreed upon by the grantor agency and the Council.

NOTE 13 – Economic Dependency

The Council receives the majority of its revenues from funds provided through grants administered by the Louisiana Governor's Office of Elderly Affairs (GOEA) and other governments in the form of intergovernmental revenues. Intergovernmental type revenues are appropriated each year by the federal, state, and local governments. If significant budget cuts are made at the federal, state, and/or local level, the amount of funds the Council receives could be reduced significantly and have an adverse impact on its operations. Management is not aware of any actions that will adversely affect the amount of funds the Council will receive in the fiscal year 2011 relating to its usual sources of intergovernmental revenues.

NOTE 14 – Risk Management

The Council is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters. The Council has purchased commercial insurance, with deductibles ranging from \$1,000 to \$2,500, to cover or reduce the risk or loss that might arise should one of these incidents occur. There have been no significant reductions in coverage from the prior year. No settlements were made during the current or prior three fiscal years that exceeded the Council's insurance coverage.

The Council's management has not purchased commercial insurance or made provision to cover or reduce the risk of loss, as a result of business interruption and certain acts of God.

Lincoln Council on Aging, Inc.
Notes to Financial Statements
For the Year Ended June 30, 2011

NOTE 15 – Interfund Receivables and Payables – Fund Financial Statements

Because the Council operates its programs under cost reimbursement type grants, it has to pay for costs using its General Fund money and then request reimbursement for the advanced costs under the grant programs. Such advances create short-term interfund loans. A summary of these interfund loans, at year-end, is as follows:

| | Receivable From | Payable To |
|---|--------------------|------------------|
| General Fund: | | |
| Major Funds: | | |
| NSIP | \$ - | \$ 20,914 |
| Nonmajor Funds: | | |
| Title III E | 2,280 | - |
| Energy Assistance | 590 | - |
| Totals for the General Fund | \$ 2,870 | \$ 20,914 |
| | | |
| Special Revenue Funds: | | |
| Major Funds: | | |
| NSIP: | | |
| General Fund | \$ 20,914 | - |
| Nonmajor Funds in the aggregate: | | |
| General Fund | - | 2,870 |
| Totals for Special Revenue Funds | 20,914 | 2,870 |
| | | |
| Totals for All Funds | \$ 23,784 | 23,784 |

NOTE 16 - Interfund Transfers

Operating transfers to and from various funds are as follows for the fiscal year.

| | Operating Transfers | |
|-------------------------------|---------------------|---------------|
| | In From | Out To |
| General Fund: | | |
| Title III B | \$ - | \$ 15,038 |
| Title III C-1 | - | 10,666 |
| Senior Center | - | 3,729 |
| Nonmajor Funds: | | |
| Title III C-1AAA | - | 700 |
| Total General Fund | - | 30,133 |
| | | |
| Title III B - Fund | | |
| General Fund – PCOA grant | 15,038 | - |
| Total Title III B Fund | 15,038 | - |

Lincoln Council on Aging, Inc.
Notes to Financial Statements
For the Year Ended June 30, 2011

| (Operating Transfers (Continued)) | <u>In From</u> | <u>Out To</u> |
|---|------------------|------------------|
| Title III C-1 Fund: | | |
| General Fund – PCOA grant | \$ 10,666 | \$ - |
| NSIP Funds | 2,192 | - |
| Total Title III C-1 Fund | <u>12,858</u> | <u>-</u> |
| Title III C-2 Fund: | | |
| NSIP Funds | 3,674 | - |
| Total Title III C-2 Fund | <u>3,674</u> | <u>-</u> |
| NSIP Fund: | | |
| Title III C-1 - Congregate Meals | - | 2,192 |
| Title III C-2 – Home Delivered Meals | - | 3,674 |
| Total NSIP Fund | <u>-</u> | <u>5,866</u> |
| Senior Center: | | |
| General Fund – PCOA grant | 3,729 | |
| Supplemental Senior Center | 3,100 | |
| Total Senior Center | <u>6,829</u> | |
| Nonmajor Funds in the Aggregate: | | |
| General Fund | 700 | - |
| Supplemental Senior Center | - | 3,100 |
| Total for Nonmajor Funds | <u>700</u> | <u>3,100</u> |
| Grand Totals | <u>\$ 39,099</u> | <u>\$ 39,099</u> |

Transfers are used (a) to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (b) to shift unrestricted revenues collected in the General Fund to finance various programs accounted for by special revenue funds to eliminate program deficits.

These transfers were eliminated as a part of the consolidation process in preparing the Government-Wide Financial Statements.

NOTE 17 – Related Party Transactions

There were no related party transactions during the fiscal year.

Lincoln Council on Aging, Inc.
Notes to Financial Statements
For the Year Ended June 30, 2011

NOTE 18 – Donor Contributions

A former Board member and participant named the Lincoln Council on Aging in her will to receive funds for a new facility. The funds will be disbursed from a trust fund on an as-needed basis, overseen by an administrator. During the fiscal year ended June 30, 2011, parking lot improvements in the amount of \$49,250 were completed. The trust paid for the improvements subsequent to year end.

NOTE 19 - Uncertain Tax Positions

The provisions of FASB Interpretation No. 48 (FIN 48) were adopted by the organization on July 1, 2009. The adoption of FIN 48 did not result in any changes to net assets or deferred income tax liabilities.

Accrued interest and penalties associated with uncertain tax positions are included as a component of the provision for income taxes. There were no unrecognized tax benefits at July 1, 2009. For the fiscal year ended June 30, 2011, there were no unrecognized tax benefits, or accrued interest and penalties.

The company files Form 990, an informational tax return in the U.S. federal tax jurisdiction. Federal tax returns prior to 2007 are closed.

NOTE 20 – Subsequent Events

Management has evaluated subsequent events through December 29, 2011 which is the date the financial statements were available to be issued. There were no events that required disclosure.

REQUIRED SUPPLEMENTARY INFORMATION

Lincoln Council on Aging, Inc.
Budgetary Comparison Schedule – General Fund
For The Year Ended June 30, 2011

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance With</u> |
|--|-------------------------|------------------|---|---|
| | <u>Original</u> | <u>Final</u> | <u>Amounts</u> <u>GAAP</u> <u>Basis</u> | <u>Final Budget</u> <u>Favorable</u> <u>(Unfavorable)</u> |
| Revenues | | | | |
| Intergovernmental: | | | | |
| Governor's Office of Elderly Affairs: | | | | |
| PCOA | \$ 37,500 | \$ 37,500 | \$ 37,500 | \$ - |
| Public Support | - | - | 60,241 | 60,241 |
| Investment Income | - | - | 363 | 363 |
| Miscellaneous | - | - | 2,522 | 2,522 |
| Total Revenues | 37,500 | 37,500 | 100,626 | 63,126 |
| Expenditures | | | | |
| Current: | | | | |
| Personnel | - | - | - | - |
| Fringe | - | - | - | - |
| Travel | - | - | 30 | (30) |
| Operating Services | - | 25,700 | 17,769 | 7,931 |
| Operating Supplies | - | - | 546 | (546) |
| Other Costs | - | - | 16 | (16) |
| Full Service Contracts | - | - | - | - |
| Audit Fees | - | - | - | - |
| Meals | - | - | - | - |
| Utility Assistance | - | - | - | - |
| Capital Outlays | - | - | 78,339 | (78,339) |
| Total Expenditures | - | 25,700 | 96,700 | (71,000) |
| Excess (deficiency) of Revenues over Expenditures | 37,500 | 11,800 | 3,926 | (7,874) |
| Other Financing Sources (Uses) | | | | |
| Transfers In | - | - | - | - |
| Transfers Out | (37,500) | (37,500) | (30,133) | (7,367) |
| Total Other Financing Sources (Uses) | (37,500) | (37,500) | (30,133) | (7,367) |
| Net increase (decrease) in fund balances | - | (25,700) | (26,207) | (507) |
| Fund Balances, Beginning of Year | 81,886 | 87,600 | 87,600 | - |
| Fund Balances, End of Year | \$ 81,886 | \$ 61,900 | \$ 61,393 | \$ (507) |

The accompanying notes are an integral part of this financial statement.

Lincoln Council on Aging, Inc.
Budgetary Comparison Schedule – Title III B Fund
For The Year Ended June 30, 2011

| | Budgeted Amounts | | Actual Amounts | Variance With Final Budget |
|--|------------------|----------------|-------------------|-------------------------------|
| | Original | Final | GAAP Basis | Favorable (Unfavorable) |
| Revenues | | | | |
| <hr/> | | | | |
| Intergovernmental | | | | |
| Governor's Office of Elderly Affairs | \$ 69,732 | \$ 69,732 | \$ 69,732 | \$ - |
| Public Support | 1,010 | 980 | 1,105 | 125 |
| Total Revenues | 70,742 | 70,712 | 70,837 | 125 |
| <hr/> | | | | |
| Expenditures | | | | |
| <hr/> | | | | |
| Current: | | | | |
| Personnel | 60,472 | 45,986 | 50,148 | (4,162) |
| Fringe | 4,729 | 3,596 | 3,866 | (270) |
| Travel | 2,474 | 1,186 | 1,233 | (47) |
| Operating Services | 24,318 | 18,806 | 23,527 | (4,721) |
| Operating Supplies | 9,174 | 6,227 | 6,971 | (744) |
| Other Costs | 4,691 | 3,620 | 130 | 3,490 |
| Full Service Contracts | - | - | - | - |
| Meals | - | - | - | - |
| Utility Assistance | - | - | - | - |
| Capital Outlays | - | - | - | - |
| Total Expenditures | 105,858 | 79,421 | 85,875 | (6,454) |
| Excess (deficiency) of Revenues over Expenditures | (35,116) | (8,709) | (15,038) | (6,329) |
| <hr/> | | | | |
| Other Financing Sources (Uses) | | | | |
| Transfers In | 35,116 | 8,709 | 15,038 | 6,329 |
| Transfers Out | - | - | - | - |
| Total Other Financing Sources (Uses) | 35,116 | 8,709 | 15,038 | 6,329 |
| Net increase (decrease) in fund balances | - | - | - | - |
| Fund Balances, Beginning of Year | - | - | - | - |
| Fund Balances, End of Year | \$ - | \$ - | \$ - | \$ - |

The accompanying notes are an integral part of this financial statement.

Lincoln Council on Aging, Inc.
Budgetary Comparison Schedule – Title III C-1 Fund
For The Year Ended June 30, 2011

| | Budgeted Amounts | | Actual Amounts | Variance With Final Budget |
|--|------------------|-----------------|-------------------|-------------------------------|
| | Original | Final | GAAP Basis | Favorable (Unfavorable) |
| Revenues | | | | |
| Intergovernmental | | | | |
| Governor's Office of Elderly Affairs | \$ 53,094 | \$ 53,094 | \$ 53,094 | \$ - |
| Public Support | 10,000 | 10,200 | 10,084 | (116) |
| Total Revenues | 63,094 | 63,294 | 63,178 | (116) |
| Expenditures | | | | |
| Current: | | | | |
| Personnel | 21,117 | 17,614 | 17,562 | 52 |
| Fringe | 1,650 | 1,375 | 1,375 | - |
| Travel | 125 | 97 | 101 | (4) |
| Operating Services | 3,554 | 4,277 | 4,553 | (276) |
| Operating Supplies | 125 | 203 | 185 | 18 |
| Other Costs | - | - | 32 | (32) |
| Full Service Contracts | - | - | - | - |
| Meals | 45,319 | 57,788 | 52,228 | 5,560 |
| Utility Assistance | - | - | - | - |
| Capital Outlays | - | - | - | - |
| Total Expenditures | 71,890 | 81,354 | 76,036 | 5,318 |
| Excess (deficiency) of Revenues over Expenditures | (8,796) | (18,060) | (12,858) | 5,202 |
| Other Financing Sources (Uses) | | | | |
| Transfers In | 8,796 | 18,060 | 12,858 | (5,202) |
| Transfers Out | - | - | - | - |
| Total Other Financing Sources (Uses) | 8,796 | 18,060 | 12,858 | (5,202) |
| Net increase (decrease) in fund balances | - | - | - | - |
| Fund Balances, Beginning of Year | - | - | - | - |
| Fund Balances, End of Year | \$ - | \$ - | \$ - | \$ - |

The accompanying notes are an integral part of this financial statement.

Lincoln Council on Aging, Inc.
Budgetary Comparison Schedule – Title III C-2 Fund
For The Year Ended June 30, 2011

| | Budgeted Amounts | | Actual Amounts | Variance With Final Budget |
|--|------------------|----------------|-------------------|-------------------------------|
| | Original | Final | GAAP Basis | Favorable (Unfavorable) |
| Revenues | | | | |
| <hr/> | | | | |
| Intergovernmental | | | | |
| Governor's Office of Elderly Affairs | \$ 120,069 | \$ 120,069 | \$ 120,069 | \$ - |
| United Way | 25,000 | 25,000 | 25,003 | 3 |
| Program Service Fees | 8,000 | 6,400 | 6,101 | (299) |
| Total Revenues | <u>153,069</u> | <u>151,469</u> | <u>151,173</u> | <u>(296)</u> |
| <hr/> | | | | |
| Expenditures | | | | |
| <hr/> | | | | |
| Current: | | | | |
| Personnel | 53,327 | 45,917 | 45,457 | 460 |
| Fringe | 4,170 | 3,591 | 3,588 | 3 |
| Travel | 8,109 | 4,423 | 4,853 | (430) |
| Operating Services | 14,248 | 12,621 | 12,586 | 35 |
| Operating Supplies | 7,309 | 6,201 | 7,321 | (1,120) |
| Other Costs | - | - | 101 | (101) |
| Full Service Contracts | 76,532 | 79,227 | 80,941 | (1,714) |
| Meals | - | - | - | - |
| Utility Assistance | - | - | - | - |
| Capital Outlays | - | - | - | - |
| Total Expenditures | <u>163,695</u> | <u>151,980</u> | <u>154,847</u> | <u>(2,867)</u> |
| <hr/> | | | | |
| Excess (deficiency) of Revenues over Expenditures | <u>(10,626)</u> | <u>(511)</u> | <u>(3,674)</u> | <u>(3,163)</u> |
| <hr/> | | | | |
| Other Financing Sources (Uses) | | | | |
| Transfers In | 10,626 | 511 | 3,674 | 3,163 |
| Transfers Out | - | - | - | - |
| Total Other Financing Sources (Uses) | <u>10,626</u> | <u>511</u> | <u>3,674</u> | <u>3,163</u> |
| <hr/> | | | | |
| Net increase (decrease) in fund balances | - | - | - | - |
| <hr/> | | | | |
| Fund Balances, Beginning of Year | - | - | - | - |
| <hr/> | | | | |
| Fund Balances, End of Year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

The accompanying notes are an integral part of this financial statement.

Lincoln Council on Aging, Inc.
Budgetary Comparison Schedule – NSIP Fund
For The Year Ended June 30, 2011

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance With</u> |
|--|-------------------------|-------------------|---|---|
| | <u>Original</u> | <u>Final</u> | <u>Amounts</u> <u>GAAP</u> <u>Basis</u> | <u>Final Budget</u> <u>Favorable</u> <u>(Unfavorable)</u> |
| Revenues | | | | |
| Intergovernmental | | | | |
| Governor's Office of Elderly Affairs | \$ 16,212 | \$ 18,567 | \$ 29,549 | \$ (10,982) |
| Public Support | - | - | - | - |
| Interest Earned | - | - | 670 | 670 |
| Total Revenues | 16,212 | 18,567 | 30,219 | (10,312) |
| Expenditures | | | | |
| Current: | | | | |
| Personnel | - | - | - | - |
| Fringe | - | - | - | - |
| Travel | - | - | - | - |
| Operating Services | - | - | - | - |
| Operating Supplies | - | - | - | - |
| Other Costs | - | - | - | - |
| Full Service Contracts | - | - | - | - |
| Meals | - | - | - | - |
| Utility Assistance | - | - | - | - |
| Capital Outlays | - | - | - | - |
| Inkind | - | - | - | - |
| Total Expenditures | - | - | - | - |
| Excess (deficiency) of Revenues over Expenditures | 16,212 | 18,567 | 30,219 | (10,312) |
| Other Financing Sources (Uses) | | | | |
| Transfers In | - | - | - | - |
| Transfers Out | - | - | (5,866) | (5,866) |
| Total Other Financing Sources (Uses) | - | - | (5,866) | (5,866) |
| Net increase (decrease) in fund balances | 16,212 | 18,567 | 24,353 | (16,178) |
| Fund Balances, Beginning of Year | 146,505 | 146,505 | 145,877 | - |
| Fund Balances, End of Year | \$ 162,717 | \$ 165,072 | \$ 170,230 | \$ (16,178) |

The accompanying notes are an integral part of this financial statement.

Lincoln Council on Aging, Inc.
Budgetary Comparison Schedule – Senior Center Fund
For The Year Ended June 30, 2011

| | Budgeted Amounts | | Actual | Variance With |
|--|------------------|----------------|--------------------------|--|
| | Original | Final | Amounts GAAP Basis | Final Budget Favorable (Unfavorable) |
| Revenues | | | | |
| Intergovernmental | | | | |
| Governor's Office of Elderly Affairs | \$ 41,417 | \$ 41,417 | \$ 41,417 | \$ - |
| Public Support | - | - | - | - |
| Total Revenues | <u>41,417</u> | <u>41,417</u> | <u>41,417</u> | <u>-</u> |
| Expenditures | | | | |
| Current: | | | | |
| Personnel | 29,298 | 31,569 | 30,294 | 1,275 |
| Fringe | 2,291 | 2,469 | 2,363 | 106 |
| Travel | 200 | 192 | 233 | (41) |
| Operating Services | 8,307 | 10,836 | 12,710 | (1,874) |
| Operating Supplies | 2,600 | 1,753 | 2,546 | (793) |
| Other Costs | 995 | 788 | 100 | 688 |
| Full Service Contracts | - | - | - | - |
| Meals | - | - | - | - |
| Utility Assistance | - | - | - | - |
| Capital Outlays | - | - | - | - |
| Total Expenditures | <u>43,691</u> | <u>47,607</u> | <u>48,246</u> | <u>(639)</u> |
| Excess (deficiency) of Revenues over Expenditures | <u>(2,274)</u> | <u>(6,190)</u> | <u>(6,829)</u> | <u>639</u> |
| Other Financing Sources (Uses) | | | | |
| Transfers In | 2,274 | 6,190 | 6,829 | 639 |
| Transfers Out | - | - | - | - |
| Total Other Financing Sources (Uses) | <u>2,274</u> | <u>6,190</u> | <u>6,829</u> | <u>639</u> |
| Net increase (decrease) in fund balances | - | - | - | - |
| Fund Balances, Beginning of Year | - | - | - | - |
| Fund Balances, End of Year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

The accompanying notes are an integral part of this financial statement.

Lincoln Council on Aging, Inc.
Notes to Budgetary Comparison Schedules
For The Year Ended June 30, 2011

The Council follows these procedures in establishing the budgetary data reflected in these financial statements:

The Governor's Office of Elderly Affairs (GOEA) notifies the Council each year as to the funding levels for each program's grant award.

The executive director prepares a proposed budget based on the funding levels provided by GOEA and then submits the budget to the Board of Directors for approval.

The Board of Directors reviews and adopts the budget before June 30th of the current year for the next year.

The adopted budget is forwarded to the Governor's Office of Elderly Affairs for final approval.

All budgetary appropriations lapse at the end of the fiscal year.

The budget is prepared on a modified accrual basis, consistent with the basis of accounting, for comparability of budgeted and actual revenues and expenditures.

Actual amounts are compared to budgeted amounts periodically during the fiscal year as a management control device.

The Council may transfer funds between line items as often as required, but must obtain prior approval for the Governor's Office of Elderly Affairs for funds received under grants from this state agency.

Expenditures cannot legally exceed appropriations on an individual level.

Amounts were not budgeted for revenues and expenses for the utility assistance fund because they were not legally required and the amount of revenues to be received under this program could not be determined.

SUPPLEMENTARY FINANCIAL INFORMATION REQUIRED BY GOEA

Lincoln Council on Aging, Inc.
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Governmental Funds
For The Year Ended June 30, 2011

| Revenues | Title III-E | Title III-C - AAA | Title III-D |
|--|------------------------|------------------------------|------------------------|
| Intergovernmental: | | | |
| Governor's Office of Elderly Affairs (GOEA) | \$ 8,668 | \$ 19,988 | \$ 3,605 |
| United Way of America | - | - | - |
| Public Support (Restricted) | | | |
| Entergy | - | - | - |
| Client Contributions | - | - | - |
| Other Donors | - | - | - |
| Public Support (Unrestricted) | | | |
| United Way | - | - | - |
| Other General Public | - | - | - |
| Program Service Fees (Charges for services) | | | |
| Transportation | - | - | - |
| Other Services | - | - | - |
| Interest Earned | - | - | - |
| Total Revenues | 8,668 | 19,988 | 3,605 |
| Expenditures | | | |
| Health, Welfare & Social Services | | | |
| Personnel | - | 10,896 | - |
| Fringe | - | 842 | - |
| Travel | - | 266 | - |
| Operating Services | 8,181 | 8,599 | 2,740 |
| Operating Supplies | 487 | - | 865 |
| Other Costs | - | 85 | - |
| Full Service Contracts | - | - | - |
| Meals | - | - | - |
| Utility Assistance | - | - | - |
| Capital Outlays | - | - | - |
| InKind Contributions | - | - | - |
| Total Expenditures | 8,668 | 20,688 | 3,605 |
| Excess of Revenues over Expenditures | - | (700) | - |
| Other Financing Sources (Uses) | | | |
| Operating Transfers - In | - | 700 | - |
| Operating Transfers - Out | - | - | - |
| Total Other Financing Sources (Uses) | - | 700 | - |
| Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses | - | - | - |
| Fund Balances, Beginning of Year | - | - | - |
| Fund Balances, End of Year | \$ - | \$ - | \$ - |

| <u>MIPPA Grant</u> | <u>Utility Assistance</u> | <u>Audit</u> | <u>Supplemental Senior Center</u> | <u>Total</u> |
|------------------------|-------------------------------|--------------|---|------------------|
| \$ 1,130 | \$ - | \$ 1,689 | \$ 3,100 | \$ 38,180 |
| - | - | - | - | - |
| - | 1,591 | - | - | 1,591 |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | 39 | - | - | 39 |
| <u>1,130</u> | <u>1,630</u> | <u>1,689</u> | <u>3,100</u> | <u>39,810</u> |
| - | - | - | - | 10,896 |
| - | - | - | - | 842 |
| - | - | - | - | 266 |
| 1,130 | - | 1,689 | - | 22,339 |
| - | - | - | - | 1,352 |
| - | - | - | - | 85 |
| - | - | - | - | - |
| - | 2,368 | - | - | 2,368 |
| - | - | - | - | - |
| <u>1,130</u> | <u>2,368</u> | <u>1,689</u> | <u>-</u> | <u>38,148</u> |
| - | (738) | - | 3,100 | 1,662 |
| - | - | - | - | 700 |
| - | - | - | (3,100) | (3,100) |
| - | - | - | (3,100) | (2,400) |
| - | (738) | - | - | (738) |
| - | 11,114 | - | - | 11,114 |
| <u>\$ -</u> | <u>\$ 10,376</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 10,376</u> |

The accompanying notes are an integral part of this financial statement.

Lincoln Council on Aging, Inc.
Comparative Schedule of Capital Assets
And Changes in Capital Assets
For The Year Ended June 30, 2011

| | Balance June 30, 2010 | Additions | Deletions | Balance June 30, 2011 |
|---|-----------------------------|------------------|-------------|-----------------------------|
| General Fixed Assets: | | | | |
| Vehicles | \$ 261,333 | \$ - | \$ - | \$ 261,333 |
| Furniture and equipment | 101,339 | 7,159 | - | 108,498 |
| Buildings & Improvements | 449,826 | 71,180 | - | 521,006 |
| Construction in Progress | - | - | - | - |
| Total general fixed assets | \$ 812,498 | \$ 78,339 | \$ - | \$ 890,837 |
| Investments in general fixed assets: | | | | |
| Property acquired with funds from- | | | | |
| Ombudsman | \$ 1,399 | \$ - | \$ - | \$ 1,399 |
| Title IIB - SS | 13,191 | - | - | 13,191 |
| Title IIC - Admissions | 6,212 | - | - | 6,212 |
| Title IIC - 1 | 13,415 | - | - | 13,415 |
| Title IIC - 2 | 36,746 | - | - | 36,746 |
| Title IID | 9,349 | - | - | 9,349 |
| Title IIF | 8,351 | - | - | 8,351 |
| Senior Center | 41,110 | - | - | 41,110 |
| General funds and local donations | 573,184 | 72,339 | - | 645,523 |
| PCOA | 65,768 | 6,000 | - | 71,768 |
| Section 531 | 30,410 | - | - | 30,410 |
| Supplemental Senior Center | 13,363 | - | - | 13,363 |
| Total investment in general fixed assets | 812,498 | 78,339 | - | 890,837 |

The accompanying notes are an integral part of this financial statement.

Douglas A. Brewer, LLC

Certified Public Accountant

500 North Trenton

P.O. Box 1250

Ruston, LA 71273-1250

Phone: (318) 255-8244 Fax: (318) 255-8245

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDIT STANDARDS**

To The Board of Directors
Lincoln Council on Aging, Inc.
Ruston, Louisiana

I have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Lincoln Council on Aging, Inc., as of and for the year ended June 30, 2011, which collectively comprise the Council's basic financial statements and have issued my report thereon dated December 29, 2011. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Lincoln Council on Aging, Inc.'s internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Lincoln Council on Aging, Inc.'s internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Lincoln Council on Aging, Inc.'s internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above. However, I identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that I consider to be significant deficiencies in internal control over financial reporting as item 11-01. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Lincoln Council on Aging, Inc.'s financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and is listed as item 11-02.

The Council's responses to the findings identified in my audit are described in the accompanying schedule of findings and questioned costs. I did not audit the Council's response and, accordingly, I express no opinion on it.

This report is intended solely for the information and use of management, the Louisiana Legislative Auditor, the Lincoln Council on Aging, Inc. and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Douglas A. Brewer, LLC

Ruston, Louisiana
December 29, 2011

Lincoln Council on Aging, Inc.
Schedule of Findings and Questioned Costs
For The Year Ended June 30, 2011

To The Board of Directors
Lincoln Council on Aging, Inc.

I have audited the financial statements of the Lincoln Council on Aging, Inc. as of and for the year ended June 30, 2011, and have issued my report thereon dated December 30, 2010. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My audit of the financial statements as of June 30, 2011, resulted in an unqualified opinion.

Section I- Summary of Auditors' Reports

A. Report on Internal Control and Compliance Material to the Financial Statements

Deficiencies in Internal Control

Material Weakness yes no
Significant Deficiencies not considered to be
Material Weaknesses yes no

Compliance

Compliance Material to Financial Statements yes no

B. Federal Awards – N/A

Material Weakness Identified yes no

Significant Deficiencies not considered to be
Material Weaknesses yes no

Type of Opinion on Compliance For Major Programs

Unqualified Qualified
Disclaimer Adverse

Are their findings required to be reported in accordance with Circular A-133, Section .510 (a)?

C. Identification of Major Programs: N/A

Dollar threshold used to distinguish between Type A and Type B Programs.

Is the auditee a "low-risk" auditee, as defined by OMB Circular A-133?

Lincoln Council on Aging, Inc.
Schedule of Findings and Questioned Costs
For The Year Ended June 30, 2011

Section II- Financial Statement Findings

11-01 Segregation of Duties

Condition:

During the audit, it was noted that the same employee, (the Executive Director) is responsible for entering all transactions into the accounting system, preparing deposits, and reconciling the bank statements. She also has the authority to sign checks as well.

Criteria:

One of the most critical areas of separation is cash.

Effect:

The result is the danger that intentional or unintentional errors could be made and not be detected in a timely manner.

Recommendation:

I recommend that the Board members keep an active role in the accounting process by approving invoices before payment, reviewing the bank statements each month, and signing checks.

Response:

The executive director has taken the additional responsibility of the accounting function since the Council's former accountant went on active duty in the National Guard. The accounting position has not been filled yet. Board members do take an active role in the accounting function. All checks require two signatures, and when possible, two board member with signature authority sign checks.

11-02 Budget Authority and Control

Condition:

It was noted that actual expenditures on the general fund exceeded the total budgeted expenditures by more than five percent.

Criteria:

Under Louisiana law, statute 39:1311 requires that the budget must be amended when actual expenditures and other uses, within a fund, exceeds budgeted expenditures and other uses by more than five percent.

Effect:

The Council is not in compliance with state budget law.

Lincoln Council on Aging, Inc.
Schedule of Findings and Questioned Costs
For The Year Ended June 30, 2011

10-02 Budget Authority and Control (Continued)

Recommendation:

If unforeseen expenditures occur during the year causing an unfavorable variance with the adopted budget, the Council should amend the budget before year end.

Response:

The Council failed to include capital expenditures relating to the purchase and renovation of our new offices. Funding for the project came from a trust that the Council is a beneficiary of.

Section III-Federal Award Findings and Question Costs

This section is not applicable for this entity.

**Lincoln Council on Aging, Inc.
Schedule of Prior Year Findings
For the Year Ended June 30, 2011**

Internal Control and Compliance Material to the Financial Statements

10-01 Segregation of Duties

Condition:

During the audit, it was noted that the same employee, (the Executive Director) is responsible for entering all transactions into the accounting system, preparing deposits, and reconciling the bank statements. She also has the authority to sign checks as well.

Recommendation:

I recommend that the Board members keep an active role in the accounting process by approving invoices before payment, reviewing the bank statements each month, and signing checks.

Status:

Not Cleared – See 11-01

10-02 Budget Authority and Control

Condition:

It was noted that actual expenditures on the general fund exceeded the total budgeted expenditures by more than five percent.

Recommendation:

If unforeseen expenditures occur during the year causing an unfavorable variance with the adopted budget, the Council should amend the budget before year end.

Status:

Not Cleared – See 11-02

Section III-Federal Award Findings and Question Costs – N/A

Management Letter

No management letter was issued.

**Lincoln Council on Aging, Inc.
Management's Corrective Action Plan
For the Year Ended June 30, 2011**

Internal Control and Compliance Material to the Financial Statements

11-01 Segregation of Duties

Condition:

During the audit, it was noted that the same employee, (the Executive Director) is responsible for entering all transactions into the accounting system, preparing deposits, and reconciling the bank statements. She also has the authority to sign checks as well.

Recommendation:

I recommend that the Board members keep an active role in the accounting process by approving invoices before payment, reviewing the bank statements each month, and signing checks.

Response:

All checks require two signatures, and when possible, two board member with signature authority sign checks. In addition, a board member has been assigned to begin reconciling the monthly bank statements for all accounts.

11-02 Budget Authority and Control

Condition:

It was noted that actual expenditures on the general fund exceeded the total budgeted expenditures by more than five percent.

Recommendation:

If unforeseen expenditures occur during the year causing an unfavorable variance with the adopted budget, the Council should amend the budget before year end.

Response:

The Council failed to include capital expenditures relating to the purchase and renovation of our new offices. Funding for the project came from a trust that the Council is a beneficiary of.